TEN DISRUPTIVE FORCES IN HEALTHCARE

BY INSIGNIAM

Through extensive research into thought-leading literature on the industry, as well as interviews with executives, physicians, policy makers, and other stakeholders at the heart of the matter, Insigniam has identified 10 disruptive forces in healthcare, which healthcare leaders will need to address in their strategies if they intend to realize continued growth in the significantly changing marketplace. These 10 disruptive forces are:

❶ Transition to Value-Based Reimbursement: More Affordable, Higher-Quality Care at Lower Reimbursement Rates

Hospital systems are now healthcare systems that provide sick acute care as well as wellness and pre-emptive care, which necessitates population health-management methods, processes, and protocols.

❷ Shifting Volumes and Lower Reimbursements

Most systems will need to reduce costs by 20 to 40 percent while acting to maximize and creatively optimize the reconstituted utilization of all systems.

❸ Moving from Caring for Sick Individuals to Managing the Health of a Population

Ambiguity is high with defined parameters for care and reimbursement still being developed.

The law focuses on prevention and primary care to help people stay healthy and to manage chronic medical conditions before they become more complex and costly to treat.

❹ Shifting Demographics: Older, More Diverse, Larger Income Disparities, Greater Access

Providers need to be able to provide the appropriate care given the patient's cultural background and offer a wide range of health needs based on segments.

❺ Increasing Government Regulation

Deteriorating trust between bio-pharmaceutical companies, devise manufacturers, and the FDA results in slower, more complex approval processes while the FDA considers regulating healthcare IT systems, thereby increasing its involvement in care delivery.

❻ Advances in Health Information Technology (HIT)

Electronic health records allow for clinical integration, and full optimization requires developing analytics that leverage and optimize Big Data.

❼ Acceleration in Introduction of Digital Health Tools, Advanced Medical Technology, and Medical Models

Telemedicine and personalized medicine are becoming or will become accepted models of care, likely driving higher levels of patient engagement in health management.

Diagnosis and treatment is preventative, image-based, and therefore, less invasive.

❽ Projected Provider Shortages

Creating the proper match between the necessary type of care for each case and the provider best suited to provide it as care evolves to more care being delivered by care providers other than doctors.

❾ Informed and Involved Patients

Providers must be able to support patients in adhering to care plans, especially as an increasing number of patients are cared for in post-acute settings and have greater access to varied medical opinions, patient consensus on best practices, and efficacy metrics through increased use of the internet.

❿ Shrinking Availability of Capital

Perceived unpredictability of government regulation dampens investment in medical technology and care providers while financial difficulties limit debt capacity for many hospitals.

CRITICAL SUCCESS FACTORS FOR THE FUTURE OF HEALTHCARE

Insigniam has identified a set of critical success factors that provide clear opportunities for elevating the likelihood of success in the marketplace and for significantly impacting the success of a healthcare system moving into the future.

In a 1984 *Sloan Management Review* article titled, "An Assessment of Critical Success Factors," A.C. Boynlon and R.W. Zmud write:

"Critical success factors [CSFs] are those few things that must go well to ensure success for a manager or an organization, and therefore, they represent those managerial or enterprise areas that must be given special and continual attention to bring about high performance. CSFs include issues vital to an organization's current operating activities and to its future success."

As the authors assert, CSFs must be given special attention in order to bring about the impact and results the leveraged CSFs represent. If employed and fulfilled upon, these leverage points provide the necessary foundation for impacting the mammoth industry of healthcare, as well as those elements of healthcare that have been traditionally reinforced and have rewarded the way it is.

These critical success factors rely on a commitment to and capacity for reinvention and innovation:

❶ Indispensability:

A healthcare system must make itself indispensable with an offering that healthy community residents, patients, and payers cannot (and wish to not) avoid or go around.

❷ Reinvent Patient Experience:

Work with patients to re-engineer core patient processes to leverage technologies and drive dramatically better patient engagement and experience. There is a major distinction between understanding the role of the patient in healthcare and actually working with the patient to redesign healthcare.

❸ New Revenue Cycle:

Develop a highly effective, productive, and efficient (i.e. simplified) revenue cycle.

❹ Diversified, Yet Integrated Specialization:

Optimize physician network with strong physician leadership, collaboration, diversity of specialization, and alignment.

❺ Mindset of Well-Being:

Creating a mindset for patient care that takes a broad view of the overall patient's health and well-being across a continuum of care.

❻ New Horizons:

Expand patient care beyond physician-centered and acute-hospital-located care delivery.

❼ Embedded Innovation:

Embed in the organization a competency for creativity to continually innovate and rapidly execute innovation and change.

❽ Leveraging New Technology:

Establish a strong capability and capacity to leverage information technology, including but not limited to mobile and web technology.

❾ Transformational Leadership:

Leaders must be able to envision and execute on new, unprecedented futures while being highly skilled in the interpersonal skills needed to partner with physicians and care providers and to support and encourage creativity while maintaining discipline.

❿ Culture of Responsibility and Accountability:

In order to drive demonstrated value, both patients and providers will need to operate at higher levels of accountability. Organizational and clinical culture, processes, and structures must be organized to institutionalize accountability and responsibility.